

No.	Key Indicator	Examples of level for concern	Examples of good practice for high performing fund	Fund score	Evidence and comments
1	Risk management	<p>No or only a partial and/or an unclear risk register with no or poorly specified or un-implemented mitigation actions over time leading to increased fund risk.</p> <p>No evidence of a risk register being</p> <p>a) prioritised</p> <p>b) annually reviewed by Pensions Committee</p> <p>c) annually reviewed by internal audit or external audit</p> <p>d) used to reduce high risks</p> <p>e) available for public scrutiny.</p> <p>Self score -1 point for each one</p>	<p>Comprehensive risk register covering the key risks (in accordance with current CIPFA guidelines) with prioritisation, robust mitigation actions, defined deadlines, with action tracking to completion.</p> <p>Evidence and e-links to demonstrate</p> <p>a) risks prioritised on a RAG red, amber, green or by a scoring methodology</p> <p>b) completed actions signed off by Pensions Committee after at least annual update,</p> <p>c) annual review by internal audit and external audit</p> <p>d) &lt;3 priority/"red" risks</p> <p>e) public disclosure of a summary version published on fund website or in fund annual report.</p> <p>Self score +1 point for each one</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	<p><b>For evidence, please refer to the the Council's website, Pension Fund Committee meetings on 25 March 2015 (pages 13-30) and 1 July 2015 (pages 35-52). For evidence concerning the external audit coverage, please refer to the the Council's website, Pension Fund Committee meeting 8 September 2015, supplemental agenda pages 159-183.</b></p> <p>Yes, RAG</p> <p>Yes; Pension Fund Committee considered risk register on 25 March and 1 July 2015</p> <p>Yes; key part of external audit coverage and internal audit kept informed of progress.</p> <p>Zero "red" risks</p> <p>Available on website as detailed above.</p>
2	Funding level and contributions  (see explanatory notes)	<p>a) Decreasing funding level (calculated on a standardised and consistent basis) and/or in bottom decile of LGPS, over the last three triennial valuations on a standardised like for like basis.</p> <p>b) No or minimal employer funding risk assessment and monitoring and not reported to Pensions Committee</p> <p>c) Total actual contributions and actual received in last 6 years less than that assumed and certified in last 2 triennial valuations.</p> <p>d) Net inward cash flow less than benefit outgoings so need for any unplanned or forced sale of assets.</p> <p>Self score -1 for each one</p>	<p>Evidence and e-links to demonstrate</p> <p>a) Funding level rising and getting closer to 100% funded (or above) over last three triennial valuations on a standardised like for like basis. Funding %</p> <p>91 to &gt;100 =score +5</p> <p>80-90 =+4</p> <p>70-79 =+3</p> <p>60-69 = +2</p> <p>&lt;59 = +1</p> <p>b) Employer funding risk assessment and monitoring reports to Pension Committee. Net inward cashflow forecasts meeting planned income or significantly exceeding benefot outgoings.</p> <p>c) Total actual contributions received in last 6 years equate to (or exceed) that assumed and certified in the last 2 triennial valuations.</p> <p>d) Net inward cash flow significantly exceeds benefit out-goings</p> <p>Self score a) as above and rest +1 for each one</p>	<p>3</p> <p>1</p> <p>1</p>	<p><b>For evidence, please see Actuarial Valuations from Hymans Robertson date 2013, 2010 and 2007.</b></p> <p>Based on conservative assumptions agreed with Hymans Robertson, over the last three triennial valuations the funding level has gone from 86.6% (2007) to 73.5% (2010) and to 70.3% (2013).</p> <p>Being reviewed as part of risk register and monitoring arrangements.</p> <p>In each of the last two valuations the Actuary has certified that contributions have exceeded those assumed in the previous valuation.</p> <p>Yes, including investment income</p>
3	Deficit recovery  (see explanatory notes)	<p>a) No or opaque deficit recovery plan.</p> <p>b) Lengthening implied deficit recovery period (for contributions)</p> <p>c) Implied deficit recovery periods &gt;25 years for last 3 valuations.</p> <p>Self score -1 point for each</p>	<p>Evidence and e-links to demonstrate :</p> <p>a) Transparent deficit recovery plan for tax raising and non-tax raising bodies.</p> <p>b) Implied deficit recovery reducing each triennial valuation.</p> <p>c) Implied deficit recovery period in line &lt;15 years for last 3 valuations</p> <p>Self score +1 point for each one</p>	<p>1</p> <p>1</p>	<p><b>For evidence, please see Funding Strategy Statement which is included on the Fund's website as Appendix 5 of the Annual Report and Financial Statements for the year ended 31 March 2015</b></p> <p>Recovery period stated in Funding Strategy Statement (page 10) and to be paid by a monetary amount rather than a percentage of payroll.</p> <p>Yes, that is the implication of the Strategy</p> <p>For largest employers it has remained at 20 years.</p>
4	Investment returns  (see explanatory notes)	<p>a) Required future investment return (calculated on standardised and prudently consistent basis) not aligned to the investment strategy target return, so lower likelihood of the fund achieving its funding strategy.</p> <p>b) Actual investment returns consistently undershoot actuarially required returns</p> <p>Self score -1 point for each one</p>	<p>Evidence and e-links to demonstrate :</p> <p>a) Required future fund investment return (calc by actuary) are consistent with and aligned to investment strategy (asset mix expected target returns) so higher likelihood of the fund meeting its funding strategy.</p> <p>b) Actual investment returns consistently exceed actuarially required returns</p> <p>Self score +1 point for each one</p>	<p>1</p> <p>1</p>	<p><b>For evidence, please see Funding Strategy Statement which is included on the Fund's website as Appendix 5 of the Annual Report and Financial Statements for the year ended 31 March 2015</b></p> <p>Yes. In the opinion of the Fund Actuary "the current funding policy is consistent with the current investment Strategy of the Fund." (page 19)</p> <p>Over the inter-valuation period 2010-2013 investment returns exceeded those expected at the valuation.</p>

No.	Key Indicator	Examples of level for concern	Examples of good practice for high performing funds	Fund score	Evidence and comments
5	Pensions Committee and Pensions Board members competence	Appointees unclear of statutory role and unable to clearly articulate the funds funding and investment objectives. Evidence and e-links to demonstrate a) different scheme employer types and no or minimal scheme member representation. b) No training needs analysis, or training strategy, or training log or use of CIPFA LGPS training framework. c) No training record disclosures d) Self assessment Self score -1 point for each	Appointees understand their statutory role and are able to clearly articulate the funds funding and investment objectives Evidence and e-links to demonstrate a) representation from different scheme employer types (scheduled and admitted) and member types (actives, deferred and pensioners). b) annual training plan recorded against the CIPFA knowledge and understanding framework. c) annual training records disclosed in Annual Report d) annual self-assessment of training undertaken and identification of future needs. Self score +1 point for each one	1 1 1	<b>For evidence please see various Committee reports eg 25 March 2015 pages 39-42</b> Pension Fund Committee comprises Councilors and trade union observers. Pension Board has full representation from different scheme employer types and member types Annual report to Committee discussing past and forward training arrangements alongside CIPFA Framework Not included but will be in future Annual report to Committee discussing past and forward training arrangements alongside CIPFA Framework
6	Administering authority staff accountability, leadership, experience, and training	a) No or only part time Head of Fund and or only part time officers b) No or little induction or on- going training provision or experience recorded on the adoption of CIPFA LGPS knowledge and understanding framework. Self score -1 for each one	Evidence and e-links to demonstrate a) Experienced Head of Fund with full time dedicated officers with at least 3+ years' experience. b) staff undertake regular CIPFA LGPS TKU or other CPD training recorded across all LGPS skills (governance, benefits administration, funding, investments, and comms) Self score +1 point for each one	1 1	<b>Evidence can be provided through the cvs of relevant officers</b> Treasury and Pension Fund Manager and relevant officers have this experience. Over the last year staff have had extensive experience through Aon Hewitt training courses covering Governance, Actuarial and Investment matters and several ad hoc sessions eg property, private equity, socially responsible investment. Administration Officers often attend courses provided by the Local Government Association and other organisations. We also have a couple of officers who have gained the CIPD in pension administration.
7	Statutory governance standards and principles (as per DCLG guidance and TPR codes)	Several key areas of non- compliance with a) DCLG LGPS statutory guidance b) TPR guidance and codes and reasons why not explained. c) No, little or poor key decision taking records and no or poor self, or scheme employers, or scheme members assessment of overall fund effectiveness. Self score -1 for each one	Evidence and e-links to demonstrate a) Full compliance with DCLG LGPS statutory guidance b) Full compliance with TPR guidance and codes for public sector pension schemes c) Meet or exceed other LGPS best practice on recording all key decision taking and annual self, scheme employers, scheme member assessment of overall effectiveness. Self score +1 for each one	1 1	<b>Please see comments below</b> We use Heywoods Allair pension system which operates in accordance with DCLG legal requirements. Pension officers also read and follow the DCLG guidance notes that are published. It is an automated system which operates within regulatory boundaries. Staff are trained to a standard that is compliant and all work is peer reviewed. Being reviewed
8	Quality and accessibility of information and statutory statements, strategies, policies (governance, FSS, SIP, comms, admin authority and employer discretions policies)	a) Statutory publications not all in place or published on fund website or updated in accordance with regulatory requirements and due timelines. b) Fund and employers discretions not published c) Do not seek to meet any recognised 'Plain English' or e-publishing standards Self score -1 for each one	Evidence and e-links to demonstrate a) Statutory publications all in place and published on fund website and updated in accordance with regulatory requirements and due timelines. b) Fund and employer discretions published c) Meet 'Plain English' and/or other recognised e-publishing standards. Self score +1 for each one	1 1	<a href="http://www.harrowpensionfund.org/about-us/forms-and-publications.aspx">http://www.harrowpensionfund.org/about-us/forms-and-publications.aspx</a> Yes all statutory publications are in place and published on fund website Fund and employer discretions published on pension fund website. External employers publish their own discretions. Some publications are externally reviewed through the Croydon framework collaborative working group.
9	a) Adoption and report compliance with Investment Governance Principles (IGP) (was Myners Principles) and voluntary adoption/signatory to FRC Stewardship Code and UNPRI	No or un-explained non- compliance and/or non-support of a) IGP b) UK Stewardship Code c) UN PRI Self score -1 for each	Evidence and e-links to demonstrate a) 100% compliance with IGP b) adoption and public reporting of compliance against the FRC UK Stewardship Code c) external managers or fund are PRI signatories Self score +1 for each	1 1	<b>For evidence, please see Statement of Investment Principles pages 6-8 which is included on the Fund's website as Appendix 4 of the Annual Report and Financial Statements for the year ended 31 March 2015</b> A small amount of partial compliance but almost 100% compliance To be considered during 2015-16 Of the Fund's nine investment managers all except Oldfield Partners have signed the UN PRI; the issue of socially responsible investment has recently been raised at meetings with each of the managers.
10	a) Historic investment returns (last 1, 3, 5, and 10 years) and b) total investment costs compared to other LGPS funds.  (See explanatory notes)	a) overall fund investment returns (net of fees) for last 1, 3, 5 years bottom two quintiles Score -3 and -5 points b) Retain fund managers under- performing their mandates for 2 triennial valuation cycles. Score -1 point c) Fund does not benchmark its fund manager and total investment costs relative to other LGPS funds. Score -1 point	Evidence and e-links to a) overall fund investment return (net of fees) for last 1, 3, 5 years b) Top quintile score +5 points by Next two quintiles score +3 and 0 points respectively c) >75% of fund mandates deliver over rolling 3 year performance periods. Score +1 point c) Fund benchmarks its fund manager and total investment costs Score +1	5 1	<b>For evidence, please refer to a report from the Fund's Performance Adviser, State Street Global Services on the Council's website, Pension Fund Committee meeting 1 July 2015, pages 13-34.</b> 1 year 15.2% return (top quintile); 3 years 12.1% (top quintile); 5 years 9.5% (second quintile)  All managers who have been in place for three years have outperformed their benchmarks; had they not done so their contracts may well have been terminated.  Each manager has its own customised benchmark and Fund has an overall benchmark. Investment costs are measured against national information and advice from professional groups so far as it is available.
11	Annual report and audited financial statements	a) Do not fully meet some regulatory requirements or CIPFA LGPS guidance b) Not published in Admin Authority Accounts by 1 <sup>st</sup> October. c) Published on SAB website after 1 <sup>st</sup> November Self score -1 for each one	Evidence and e-links to demonstrate a) Meet all regulatory and CIPFA best practice guidance b) Publish in Administering Authority accounts by 1 <sup>st</sup> October c) Publish fund report and accounts of SAB website before 1 <sup>st</sup> November. Self score +1 for each one	1 1	<b>For evidence, please refer to the Fund's website to see of the Annual Report and Financial Statements for the year ended 31 March 2015</b> The Annual Report and Financial Statements 2014-15 meet all regulatory and CIPFA best practice guidance; no substantive amendments were required during the external audit process and the only matter raised in the annual letter was a relatively minor issue with the risk register (see key indicator 1 above) The Annual Report and Financial Statements 2014-15 was available for audit by 30 June 2015; draft presented to Governance, Audit, Risk Management and Standards Committee on 22 July 2015; signed off by external audit on 24 September 2015; published on website by 1 October 2015. Will be available for SAB by 1 November 2015.
12	Scheme membership data	a) Common data does not meet TPR standards b) Conditional data do not meet the TPR standards. No plans in place to rectify this. Self score -1 for each	Evidence and e-links to demonstrate a) >99% common data meets TPR quality and due date standards b) >95% of conditional data meets TPR quality and due date standards. Plans in place to improve this. Self score +1 for each one	1 1	<b>Please see below</b> Our pension records are kept up to date on an ongoing basis to TPR standards and meet due date standards, remind pensioners in our pension newsletter to keep us up to date with change of address details. Carry out an annual data exercise and receive annual report (through Club Vita) Requirement met
13	Pension queries, pension payments, and Annual Benefit Statements	a) No or poor website with no scheme member or employer access. b) ABS do not meet regulatory requirements or due timelines for issuance. Self score -1 for each	Evidence and e-links to demonstrate a) Good website with interactive scheme member and employer access. b) ABS meet or exceed regulatory standards and due timelines for issuance. Self score +1 for each	1 1	<b>For evidence please refer to the funds website @ <a href="http://www.harrowpensionfund.org">www.harrowpensionfund.org</a>. Please refer to the active newsletter on the fund website, this is produced at the same time the benefit statements are issued and contains information regarding the benefit statements.</b> <a href="http://www.harrowpensionfund.org/themes/harrow/scheme%20documents/newsletter.pdf">http://www.harrowpensionfund.org/themes/harrow/scheme%20documents/newsletter.pdf</a>
14	Cost efficient administration and overall VFM fund management	a) In bottom quartile with high total admin cost pa per member (based CIPFA or other benchmark tool). b) Not in any national or regional frameworks for any externally procured services or collective investments. Self score -1 for each	Evidence and e-links to demonstrate a) In top quartile with low total admin cost pa per member (based CIPFA or other benchmark tool calculated on a consistent and transparent basis). b) Lead and/or actively participates in collaborative working and collective LGPS procurement, shared services or CIVs Self score +1 for each	1 1	We last participated in the CIPFA benchmark in 2013 and were in the top quartile. Participate in the Croydon framework collaborative working group and have acquired investment adviser and actuarial services through the framework process.
15	Handling of formal complaints and IDRP's	a) Any Pensions Ombudsman determinations (and any appeals) fines were against the actions of the fund (ie not employer). Score -1	Evidence and e-links to demonstrate a) No Stage 2 IDRP's and no Pensions Ombudsman findings against the fund actions in last 3 years. Score +1	1	No stage 2 IDRP's
16	Fraud prevention	No or minimal systems/programme or plan or mechanisms in place to a) Prevent fraud b) Detect fraud c) detect pension over-payments due to unreported deaths Self score -1 for each one	Evidence and e-links to demonstrate a) Fraud prevention programme in place. b) Use external monthly, quarterly/annual mortality screening services, and c) participate in bi-annual National Fraud Initiative. Self score +1 for each one	1 1 1	A Life certificate exercise is carried out each year for Harrow pensioners, evidence of this can be found in the pensioner newsletter by following the link <a href="http://www.harrowpensionfund.org/themes/harrow/scheme%20documents/Pensioner%20Focus%20Newsletter%202015.pdf">http://www.harrowpensionfund.org/themes/harrow/scheme%20documents/Pensioner%20Focus%20Newsletter%202015.pdf</a> Participate in the LAFW death benefits administration system. Have also signed up for the DWP tell us once service which is due to be launched shortly. We participate in the bi annual national fraud initiative.
17	Internal and external audit	a) No annual internal audit or qualified internal and external audit opinions b) Urgent management action recommended on high/serious risks. c) Only moderate or low level of assurance and a number of high priority action recommended Self score -1 for each	Evidence and e-links to demonstrate a) Unqualified annual internal reports with no or only low priority management actions b) Unqualified and annual external audit with no or only low priority management recommendations. c) Full or substantial assurance against all key audit areas with no high risk recommendations. Self score +1 for each	1 1 1	<b>For evidence concerning the external audit, please refer to the Council's website, Pension Fund Committee meeting 8 September 2015, supplemental agenda pages 159-183. Internal audit findings were very favourable and further evidence can be obtained from the Head of Internal Audit (0208 424 1420).</b> Yes; all internal audit requirements satisfied Yes; unqualified audit completed with only a relatively minor issue in connection with the risk register included in the management letter (see key indicator 1 above) Yes
18	Quality assurance	No evidence of a) quality management system b) external reviewed publications c) externally approved website accessibility d) any awards. Self score -1 for each one	Evidence and e-links to demonstrate a) Fund has formal quality management external certification b) Crystal Mark for plain English for publications/forms c) externally approved website accessibility d) pensions & investment recognition award(s) Self score +1 for each one	1	<b>Haven't applied for any external certification nor entered for investment awards.</b> The Harrow website is hosted by an external provider